



## **U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS**

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### **FACT SHEET: OVERVIEW OF SECTION 311 OF THE USA PATRIOT ACT**

The U.S. Department of the Treasury today identified the Lebanese Canadian Bank SAL together with its subsidiaries (LCB) as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311). Section 311 grants the Secretary of the Treasury the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, institution, class of transaction, or type of account is of “primary money laundering concern,” to require domestic financial institutions and financial agencies to take certain “special measures” against the entity of primary money laundering concern.

Treasury’s Financial Crimes Enforcement Network (FinCEN) also today filed a Notice of Proposed Rule Making (NPRM), in which it proposes prohibiting U.S. financial institutions from opening or maintaining correspondent or payable-through accounts for LCB.

#### **Background**

The USA PATRIOT Act was signed into law on October 26, 2001. Taken as a whole, Section 311 of the USA PATRIOT Act provides the Secretary with a range of options that can be adapted to target specific money laundering and terrorist financing risks most effectively. These options provide the Treasury Department with a powerful and flexible regulatory tool to take actions to protect the U.S. financial system from specific threats.

#### **Implementation**

Once the Secretary determines that a foreign financial institution is of primary money laundering concern, the Secretary has the authority to require domestic financial institutions and financial agencies to take certain special measures against the entity of primary money laundering concern.

These special measures range from requiring additional due diligence and special attention concerning particular account transactions among U.S. financial institutions to prohibiting the opening or maintenance of any correspondent or payable-through accounts. The following special measures can be imposed individually, jointly, in any combination and in any sequence:

- Recordkeeping and reporting certain transactions;
- Collection of information relating to beneficial ownership;
- Collection of information relating to certain payable-through accounts;
- Collection of information relating to certain correspondent accounts; and
- Prohibition or conditions on the opening or maintaining of correspondent or payable-through accounts

Treasury's finding of primary money laundering concern is effective immediately, and U.S. financial institutions should take this information into account as part of their overall risk management programs. Concurrent with the finding, Treasury generally issues a Notice of Proposed Rule Making (NPRM) explaining which special measure(s) the Secretary proposes. This is a regulatory process and subject to a public notice and comment period.

Upon review of the comments received, and in consideration of any other available information or further review, including an assessment of any subsequent remedial or ameliorative actions taken by the financial institution or jurisdiction, the Secretary can proceed with a final rule, withdraw the finding and proposed rule, or keep the matter open for further review.

In some instances, the entities of primary money laundering concern have rehabilitated their practices and implemented significant reforms to mitigate some of the risks and vulnerabilities identified as supporting the finding of primary money laundering concern. In such circumstances where the continuing risks to the U.S. financial system appeared to be diminished, Treasury has decided not to pursue a final rule implementing special measures and notice has been given to rescind the regulatory proposal. In other instances, the actions remain in force, including against the Commercial Bank of Syria, Banco Delta Asia, VEF Banka, Myanmar Mayflower Bank, and Asia Wealth Bank.

Section 311 actions are distinct from designations brought by Treasury's Office of Foreign Assets Control (OFAC), which are applied more broadly, prohibit transactions and trigger asset freezing obligations.

Since 2002, Treasury has utilized its authority under Section 311 against three jurisdictions and eight financial institutions and, when applicable, their affiliates, based upon various types of illicit conduct, including the facilitation of narcotics trafficking, currency counterfeiting, and laundering of funds.

The three jurisdictions were:

2002:

- Ukraine: finding rescinded in 2003
- Nauru: proposal rescinded in 2008

2003:

- Burma: rule finalized in 2004

The eight financial institutions were:

2003:

- Myanmar Mayflower Bank : rule finalized in 2004
- Asia Wealth Bank: rule finalized in 2004

2004:

- Commercial Bank of Syria (including Syrian Lebanese Commercial Bank): rule finalized in 2006
- Infobank (now known as PJSC Trustbank) and its subsidiary, Belmetalnergo (Belarus) pending
- First Merchant Bank OSH, ltd. and subsidiaries (Northern Cyprus): proposal rescinded in 2008

2005:

- VEF Bank (Latvia): rule finalized in 2006
- Multibanka (Latvia): proposal rescinded in 2006
- Banco Delta Asia (Macau): rule finalized in 2007

**Identified as a Primary Money Laundering Concern:**

Identified today as a financial institution of primary money laundering concern:

- The Lebanese Canadian Bank SAL and its subsidiaries (LCB)

*For more information on actions taken under Section 311, visit [link](#).*

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